

Message Text

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ACTION TRSE-00

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USADB

PASS TREASURY FOR NACHMANOFF/BRADFORD

E. O. 11652: NA
TAGS: EAID, EFIN
SUBJECT: TRIGGER MECHANISM FOR ADF III AND LETTER OF CHAIRMAN
LONG TO ADB PRESIDENT YOSHIDA

REF: MANILA 18822

1. PRESIDENT CALLED A MEETING OF THE DONOR COUNTRIES
EXECUTIVE DIRECTORS ON DECEMBER 7 TO INFORM THEM OF HIS
DECISION TO ASK VICE PRESIDENT TO DISCUSS "VIENNA TRIGGER
FORMULA" PROPOSAL OF MOLTRECHT WITH LATTER ON DECEMBER 15
II LONDON. THE OBJECT IS TO ATTEMPT TO PERSUADE MOLTRECHT
TO THE DANGERS THAT WOULD ARISE IF THE BANK WERE TO ADOPT
THE FORMULA WITH REGARD TO ADF III. PRESIDENT YOSHIDA
INFORMED THE DONOR MEMBERS OF THE TEXT OF THE OCTOBER 27
LETTER FROM CHAIRMAN CLARENCE LONG WHICH, HE STATED,
STRENGTHENED HIS VIEW AS TO THE DANGER OF ACCEPTING A TIGHT
TRIGGER FORMULA. YOSHIDA CLEARLY WISHES A TRIGGER FORMULA
SIMILAR TO THAT IN ADF II.

2. OTHER BOARD MEMBERS WERE SHOCKED AT THE CONTENTS OF
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CHAIRMAN LONG'S LETTER. AUSTRALIAN DIRECTOR COMMENTED
THAT IT WAS A "SERIOUS THREAT TO THE INTEGRITY OF THE
INSTITUTION."

3. DIRECTORS REPRESENTING UNITED KINGDOM, GERMANY, AND
AUSTRIA ASKED PRESIDENT WHAT HE INTENDED TO DO ABOUT
LOANS TO INDOCHINA AND FOR SUGAR, PALM OIL AND CITRUS

CROPS IN LIGHT OF CHAIRMAN LONG'S LETTER. PRESIDENT YOSHIDA REPLIED THAT WITH REGARD TO THE FORMER, HE FELT HE HAD LITTLE CHOICE BUT TO FOLLOW THE SAME PROCEDURES WITH REGARD TO THOSE MEMBERS AS HE WOULD WITH OTHER MEMBERS SINCE THE TERMS OF REFERENCE THAT ESTABLISHED THE BANK PRECLUDED HIM DOING OTHERWISE.

4. WITH REGARD TO THE AGRICULTURAL PRODUCTS MENTIONED, THE PRESIDENT STATED HE WOULD BE VERY CAREFUL TO SELECT PROJECTS THAT ARE MOST CONDUCTIVE TO PROMOTING ECONOMIC DEVELOPMENT, TAKING INTO ACCOUNT THE POSITION OF THE UNITED STATES GOVERNMENT. BANK PROJECTS THAT INVOLVED SUCH COMMODITIES "OFTEN MAY WELL BE NOT FOR EXPORT".

5. PRESIDENT'S RESPONSE WAS GENERALLY APPLAUDED BY OTHER DIRECTORS PRESENT. BANK WAS URGED NOT TO DELAY MUCH LONGER ON POWER LOAN TO VIET NAM. EXECUTIVE DIRECTORS REPRESENTING UK, GERMANY, CANADA AND SCANDINAVIA STATED THEIR AUTHORITIES "WOULD VERY STRONGLY SUPPORT POWER LOAN TO VIET NAM", AND URGED BANK NOT TO DELAY REINSTITUTION OF LOAN "UNWARRANTEDLY".

6. U.S. EXECUTIVE DIRECTOR TOOK OCCASION TO NOTE THAT U.S. DELEGATION WOULD BE ATTENDING DECEMBER 15 AFRICAN DEVELOPMENT BANK MEETING IN LONDON IN EVENT VICE PRESIDENT WISHED TO HOLD FURTHER INFORMAL DISCUSSIONS
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ON "MOLTRECHT FORMULA" QUESTION.

7. USADB ALSO POUCHING C/O DON SHERK A COPY OF BANK'S DRAFT PAQR ENTITLED ADF III: THE MODIFIED "VIENNA FORMULA".
EDMOND

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 08-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
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